

NATIONAL RECOVERY ADMINISTRATION

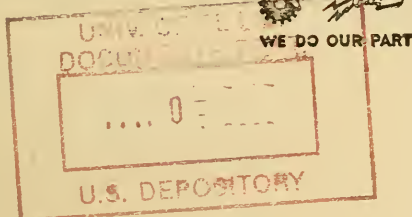
CODE OF FAIR COMPETITION

FOR THE

RAYON AND SYNTHETIC  
YARN PRODUCING INDUSTRY

AS SUBMITTED TO THE ADMINISTRATOR AUGUST 3, 1933  
AND AS APPROVED BY PRESIDENT ROOSEVELT  
ON AUGUST 26, 1933

REGISTRY No. 259—01



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**REPORT TO THE ADMINISTRATOR—CODE OF FAIR COMPETITION, RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY**

AUGUST —, 1933

**EXECUTIVE ORDER**

**CODE OF FAIR COMPETITION, RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY**

An application having been duly made pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a Code of Fair Competition for the Rayon and Synthetic Yarn Producing Industry, and hearings having been held thereon and the Administrator having rendered his report containing an analysis of the said Code of Fair Competition together with his recommendations and findings with respect thereto, and the Administrator having found that the said Code of Fair Competition complies in all respects with the pertinent provisions of title I of said act and that the requirements of clauses (1) and (2) of subsection (a) of section 3 of the said act have been met:

Now, therefore, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do approve the report and adopt the findings of the Administrator and do order that said Code of Fair Competition be, and it is hereby, approved on the condition, compliance with which is hereby required, that reports shall be furnished from time to time to the Administrator by each employer of the industry setting forth information on wages, hours of labor, and such other matters in such form, manner, and detail as he may require.

FRANKLIN D. ROOSEVELT.

Approval Recommended:

HUGH S. JOHNSON,

*Administrator.*

THE WHITE HOUSE,

*August 26, 1933.*

## REPORT TO THE PRESIDENT

## NATIONAL RECOVERY ADMINISTRATION

TO THE PRESIDENT:

## INTRODUCTION

This is a report of the Hearing on the Code of Fair Competition for the Rayon and Synthetic Yarn Producing Industry conducted in the Caucus Room of the Senate Office Building in Washington, D.C., on July 27, 1933, in accordance with the provisions of the National Industrial Recovery Act.

The following exhibits are included and attached:

1. Final Code submitted.
2. Notice of Hearing.
3. Statement of procedure.
4. Transcript of the Records.
5. Report of the Deputy.

## GENERAL CHARACTERISTICS OF THE INDUSTRY

The proponents of the Code represented:

(a) That the Rayon and Synthetic Yarn Producing Industry in the United States is composed of eighteen different companies, the total production of which is approximately 224,900,000 pounds per year.

(b) That there are four processes used in the manufacture of rayon and synthetic yarn at the present time. These processes are:

First—Viscose, 14 companies, 175,500,000 lb. per Yr.

Second—Cellulose Acetate, 5 companies, 35,400,000 lb. per Yr.

Third—Nitro-cellulose, 1 company, 8,000,000 lb. per Yr.

Fourth—Cupra-ammonium, 2 companies, 6,000,000 lb. per Yr.

(c) That all four of these processes are alike in that they start from the same raw materials, either purified cotton or wood pulp, and by chemical reactions make solutions which are afterwards spun into threads, the only differences being the chemicals used in the preparation of the solutions.

(d) That all the yarns made by all four of the above processes are sold to the same classes of customers, in the great majority of cases interchangeably. This is not true in all cases, but does apply as a general rule. For example, the largest outlet for rayon and synthetic yarns is in the weaving industry and this industry uses yarns made by all four processes.

(e) That the differences between the yarns are minor ones, such as differences in dyeing, differences in degree of lustre, differences in melting point, etc.

From a review of the records it appears that this industry, in contrast to most other manufacturing industries, has shown a remarkable resistance to the forces of the depression. Estimated yearly output has shown an increase in each year since the industry became commercially important, until the year of 1932 when a recess of 9 percent was reported. However, it is estimated that the production for the year of 1933 may exceed all previous records.

The remarkable growth in the consumption of rayon since the war is explained in no small degree by the trend of prices. The average price in the peak year of 1919 was approximately \$4.77 per pound (150 denier grade A), since which time prices have been reduced until

the record low price of \$0.55 per pound for the same grade was reached in April of 1933. Since that time prices have been increased to \$0.65 per pound, which is approximately 47.5 percent below the average 1929 level.

The industry now employs approximately 41,000 persons, and in contrast to most other industries the number of wage earners in the industry in June of 1933 exceeded the average number employed in the industry in the year of 1929, and it is estimated that, after giving effect to the maximum hours in the Code, the number of employees will exceed by more than ten percent the greatest number previously employed in the industry.

No accurate statistics are available as to the average hours of work per week in the industry, but study of the available data indicates an average employment week of 44.8 hours in the year of 1930 with a minimum of 37.4 in July of 1932 and 45.3 per week in June of 1933—the code provides for a maximum of 40 hours per week.

The average wages paid in the industry have been somewhat lower than the average wages for all manufacturing industry—\$1,000 per annum in 1931 as compared to \$1,102 for all manufacturing industry. As the Division of Research and Planning points out, this may be attributed to (a) a larger proportion of female employees (about 30 percent compared with 13 percent for all industries) and (b) a lesser degree of skill required than is generally true in other branches of industry.

On the other hand wages in this industry have suffered much less during the depression than those of other industries. Average weekly earnings of workers vary between a high of \$21.87 in November 1929 and a low of \$15.62 in July 1932—however, records show such average to have reached \$16.27 in May 1933. A calculation on the basis of 1929 purchasing power of the dollar indicates that the afore-said average wage in May, of 1933 had an actual "real wage" of \$23.55, or, in other words, the real earnings of labor in the rayon industry have increased during the depression.

#### CONCLUSIONS

The proponents of the Code, in their application for approval, stated that they represented approximately 80% of the number of companies engaged in the industry and approximately 90% of the production of rayon and synthetic yarn.

In the report of the Deputy Administrator, which I hereby approve, it appears that:

(1) The code establishes maximum hours and minimum wages for all employees in the industry, except those serving in executive, administrative, supervisory, outside sales and/or technical capacities.

(2) The provision of the code relating to maximum hours of labor will bring about the employment of from 3,500 to 4,500 additional employees.

(3) The minimum wage of \$13.00 will directly affect more than 6,000 employees and will result in a substantial increase in the wage rate paid to all employees. Moreover, that the minimum wage expressed in terms of "real wage" adjusted to the cost of living index for the month of June of 72.8 percent (U.S. Department of Commerce Report of August) will exceed the minimum prevailing in the industry in the year of 1929.

(4) No employer in the industry will employ any minor under the age of 16 years, or provide a wage for apprentices of less than 85% of the minimum wage established by the Code.

I find that—

(a) The Code complies in all respects with the pertinent provisions of Title I of the Act, including, without limitation, sub-section (a) of Section 7, and subsection (b) of Section 10 thereof; and that

(b) The Code is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of Title I of the National Industrial Recovery Act.

Accordingly, I hereby recommend the approval of the Code of Fair Competition for the Rayon and Synthetic Yarn Producing Industry.

Respectfully submitted.

HUGH S. JOHNSON, *Administrator.*

#### REPORT OF DEPUTY ADMINISTRATOR ON THE CODE OF FAIR COMPETITION FOR THE RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY

Attached to this report are:

1. Original Application for Approval.
2. Code as finally revised.
3. Reports by—
  - (a) Industrial Advisor.
  - (b) Labor Advisory Committee.
  - (c) Consumers Committee.
  - (d) Approval of Legal Division.
4. Copy of the Order calling a Public Hearing on the Code.

#### RECOMMENDATIONS

I recommend (a) the approval of the Code of Fair Competition for the Rayon and Synthetic Yarn Producing Industry, (b) that the agency provided for in the Code, shall be required to file with the Administrator reports setting forth, in a manner and detail approved by the Administrator, statistics and information as to wages, hours of labor, and such other data required by the Administrator as will further the purpose of the Act and facilitate enforcement of this Code; because on material presented at the hearings and otherwise it appears that:

1. The Code establishes maximum hours and minimum wages for all employees of that industry except those serving in executive, administrative, supervisory, outside sales and/or technical capacities.

2. The maximum hours of labor established by the Code will require the employment of from 3,500 to 4,500 additional employees—an increase of approximately 10%. This will result in the employment by the industry of a greater number of persons than at the peak of operations in 1929 or at any other time during the history of the industry. The maximum hours established are 40 hours per week, subject to the flexible provision that the average hours of work per week by any individual employee not exempt from this provision shall not exceed the maximum established when figured over a period of four weeks, and further that in the case of emergency the maximum hours as applied to maintenance and repair crews may be extended

for the time of the emergency only and in which latter event a record shall be made of the circumstances and reported to the agency set up within the industry for cooperating with and reporting to the Administrator.

3. The Code establishes minimum wages which are at the rate of \$13.00 per week except for apprentices who for a six weeks' period may receive remuneration at the rate of 85% of the established minimum—such minimum applies throughout the entire industry including South as well as North, there being no geographical differential.

4. The minimum wage of \$13.00 will—

(a) Affect more than 6,000 employees.

(b) Establish minimum weekly earnings, the purchasing power of which, adjusted to a cost of living index of 72.8 (United States Department of Commerce Survey of Current Business for August), will substantially exceed that of the lowest wages prevailing in the industry in the year 1929. The minimum wage of \$13.00 per week has a purchasing power equivalent to \$17.80 per week in 1929, whereas the 6,000 lowest paid employees in the industry in 1929 received an average wage of approximately \$14.00 per week, according to the best available statistics.

(c) Provide a minimum wage for apprentices the purchasing power of which is today greater than the purchasing power received by higher paid classes of employees in this industry in the year 1929.

5. The rates of all employees other than those receiving the minimum are to be raised so that the differentials between classes of employees will be maintained by payment of a rate which must result in their receiving no less for 40 hours a week than was received or would have been received for that class of work for 48 hours per week on May 1, 1933. The effect of such adjustments cannot be determined accurately because of the lack of detailed statistics but estimates based on the best information available indicate that the application of the Code will result in an average wage of more than \$20 a week. Such a wage would have a purchasing power equivalent to that of \$27.50 per week in 1929, or substantially greater than the average wage paid in 1929 which was \$20.68.

The negotiations with the committee representing the industry carried on prior to the hearing were conducted with the advice of Mr. Rufus Scott (Advisor for Industry, selected by the Industrial Advisory Committee) and Mr. Francis J. Gorman (Labor Advisor selected by the Labor Advisory Committee) and all provisions of said Code so negotiated were conceded by all to be reasonable and fair and in full compliance with the spirit of the Recovery Act. The difficulty of obtaining accurate statistics resulted in failure on the part of the Division of Research and Planning to participate in the negotiations or in the hearing. Their report, subsequently completed (copy of which is attached), supports the above outlined conclusions except that it suggests that the relative prosperity of the industry warrants a higher minimum wage.

Notwithstanding the relative prosperity, which the industry has experienced, no higher minimum than that established in the Code is recommended at this time because of the fact:

(a) Provisions of the Code seem to fully comply with the purpose of the Act.

(b) Provisions as to wages and hours were conceded by other advisors to be fair and reasonable, and

(c) Any calculations resulting in higher minimum should be based upon more accurate statistics. The compilation and filing of such statistics should be required of the industry immediately and modifications be made in the Code as warranted by such reports.

The Code was presented by a group of 14 manufacturers claiming to represent 80% in numbers and 90% of the production of synthetic yarn in the United States. The application for approval of the Code was signed by the duly authorized officers of each company.

#### BRIEF REVIEW OF HEARING

*Clause II of the Code* defines the Rayon and Synthetic Yarn Producing Industry "to mean the manufacture of rayon and/or synthetic yarns from cellulose, put up and packaged in forms suitable for the various consuming and fabricating branches of the textile industry."

At the hearing, protest was filed by two companies, the Cellanese Corporation of America and the Tennessee-Eastman Corporation, who objected to the Code definition of the Industry on the grounds that it would include their operations under the Code. The protestants, representing themselves as the producers of more than 80% of the cellulose acetate type of synthetic yarn, testified that they did not consider themselves a part of the "Rayon" industry and wished to file a separate code. (Transcript of hearing Page 42 to 75.)

The protestants did not deny that their product was synthetic yarn and did not object to any of the provisions of the Code—except that they insisted that all supervision of their industry should be through an agency of their own selection.

At the conclusion of the hearing, the Deputy Administrator endeavored through negotiation to reconcile the differences between these two groups but being unsuccessful, recommends the approval of this Code and upon application of the protestants the granting of a hearing on their plea for exemption.

#### CONCLUSIONS

I find that—

(a) The Code complies in all respects with the pertinent provisions of Title I of the Act, including, without limitation, subsection (a) of Section 7, and subsection (b) of Section 10 thereof; and that

(b) the Code is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of Title I of the National Industrial Recovery Act.

Accordingly, it is recommended that the Code of Fair Competition for the Rayon and Synthetic Yarn Producing Industry be approved.

Respectfully submitted.

W. L. ALLEN,  
*Deputy Administrator.*

AUGUST 19, 1933.

# APPLICATION—CODE OF FAIR COMPETITION. RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY

## APPLICATION TO THE PRESIDENT OF THE UNITED STATES FOR APPROVAL OF A CODE OF FAIR COMPETITION FOR THE RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY

This application is made on behalf of the firms or corporations listed hereunder (all being producers of rayon and/or synthetic yarn), and representing approximately 80% in numbers and 90% in production of the "Rayon and Synthetic Yarn Industry." And the firms or corporations listed hereunder (all being producers of rayon and/or synthetic yarn), where signed immediately beneath the name of the firm or corporation, subscribe to this application and to the following documents.

### CODE FOR RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY AND BRIEF OF THE RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY AS SUPPLEMENTARY INFORMATION FOR ITS APPLIED FOR CODE

Acme Rayon Corporation, by Chas. A. Huttinger, vice president.

American Bemberg corporation, by S. R. Fuller, Jr., president.

American Enka Corporation, by C. Mc. Carr.

American Glanzstoff Corporation, by S. R. Fuller, Jr., president.

Belamose Corporation, by G. T. Loveridge, plant manager.

Delaware Rayon Corporation, by Leon H. Ryan, treasurer.

Du Pont Rayon Company, by L. A. Yerkes, president.

Hampton Company, by William F. Guinan.

Industrial Rayon Corporation, by H. B. Kline, vice president.

New Bedford Rayon Company, by A. Ruth, plant superintendent.

Skenandoa Rayon Corporation, by Beecher M. Crouse, president.

Turbize Chatillon Corporation, by Rufus W. Scott, chairman, executive com.

The Viscose Company, by S. A. Salvage, president.

Woonsocket Rayon Corporation, by George R. Lockhard, president.

### UNITED STATES OF AMERICA,

*District of Columbia, ss:*

I, E. R. Van Vliet, being duly sworn, do hereby certify that I am the Secretary of the Code Committee for the Rayon and Synthetic Yarn Producing Industry and that attached hereto is a true and correct copy of the Code of that Industry as adopted by the foregoing companies; and I further certify that each of the foregoing have signed and adopted the attached Code.

E. R. VAN VLIET.

Subscribed and sworn to before me this 3rd day of August A.D. 1933.

E. M. NOLAND.

Notary Public in and for the District of Columbia. My commission expires July 10, 1938.

## CODE OF FAIR COMPETITION, RAYON AND SYNTHETIC YARN PRODUCING INDUSTRY

To effectuate the policy of Title I of the National Industrial Recovery Act, during the period of the emergency, by reducing and relieving unemployment and improving the standards of labor, the following provisions are established as a code for the rayon and/or synthetic yarn producing industry:

I. This code is based upon the fact that an inherent characteristic of the manufacture of synthetic yarns is that production must of necessity be continuous—the chemical and textile departments being in balance; thus any limitation of the hours of machinery cannot economically apply to the rayon and synthetic yarn producing industry and still have the industry survive. (See brief attached.)

II. The term “rayon and synthetic yarn producing industry”, as used herein is defined to mean the manufacture of rayon and/or synthetic yarns from cellulose put up and packaged in forms suitable for the various consuming and fabricating branches of the textile industry.

III. The term “effective date” as used herein is defined to be the fourteenth day after this code shall have been approved by the President.

IV. The term “employees” as used herein shall include all persons employed in the conduct of the rayon and synthetic yarn producing industry. The term “employers” as used herein shall include all natural persons, partnerships, associations, corporations, and trusts, including trustees in bankruptcy and receivers, who employ labor in the conduct of any branch of the rayon and synthetic yarn producing industry.

V. On and after the effective date, employers in the rayon and synthetic yarn producing industry shall operate on the following schedule of hours of labor and wages:

(a) The maximum hours of labor of all employees—except those serving in executive, administrative, supervisory, outside sales and/or technical capacities—shall be forty per week, subject to the flexible provision that the average hours worked per week by any individual employee not exempt from this provision shall not exceed the maximum established when figured over a period of four weeks. In cases of emergency the maximum hours as applied to maintenance and repair crews may be extended for the time of the emergency only, in which latter event a record shall be made of the circumstances and reported to the agency hereinafter provided for in Article VIII.

(b) Inasmuch as some manufacturers of this industry have already made some adjustments in hours and wages, and have recently raised rates of pay, and inasmuch as this code now proposes in Clause (a) next preceding to establish a uniform practice of 40 hours maximum employment for employees, no employee—except those exempted in Clause (a) next preceding—shall after the effective date receive for the said 40-hour period of work less compensation than was received or would have been received by said employee for 48 hours of labor, as of 1 May 1933; and on and after the effective date, the minimum wage which shall be paid by employers in the rayon and synthetic yarn producing industry to any employee—except those exempted in Clause (a) next preceding—whether the wage is based upon productive effort or efficiency or hourly rates, shall be at the rate of \$13.00 per

week for 40 hours of labor—except apprentices during a period limited to six weeks shall be paid at the rate of 85% of the minimum wage specified herein.

VI. No employer in the rayon and synthetic yarn producing industry shall employ any minor under the age of sixteen years.

VII. Employers shall comply with the requirements of Section 7 (a) of Title 1 of the National Industrial Recovery Act as follows:

1. Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

2. No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

3. Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

VIII. The industry shall set up within itself an agency to cooperate with the Administrator in the administration and enforcement of this Code.

IX. The President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under Title I of the National Industrial Recovery Act.

The undersigned companies being engaged in the Rayon and Synthetic Yarn Producing Industry hereby subscribe to the above Proposed Code of Fair Competition and request its recommendation by the National Industrial Recovery Administration to the President of the United States for approval.

